



*Joint Legislative Audit Committee*  
*Office of the Auditor General*

---



**FINANCIAL AUDIT REPORT**  
**CALIFORNIA PUBLIC BROADCASTING COMMISSION**  
**YEAR ENDED JUNE 30, 1979**

REPORT TO THE  
CALIFORNIA LEGISLATURE

REPORT **F-999.19**

REPORT OF THE  
OFFICE OF THE AUDITOR GENERAL  
TO THE  
JOINT LEGISLATIVE AUDIT COMMITTEE

999.19

FINANCIAL AUDIT REPORT  
CALIFORNIA PUBLIC BROADCASTING COMMISSION  
YEAR ENDED JUNE 30, 1979

OCTOBER 1980



# California Legislature

## Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

SENATORS  
ALBERT RODDA  
PAUL CARPENTER  
JOHN NEJEDLY  
ROBERT PRESLEY  
  
ASSEMBLYMEN  
S. FLOYD MORI  
DANIEL BOATWRIGHT  
LEROY GREENE  
BRUCE NESTANDE

STATE CAPITOL  
SACRAMENTO 95814  
(916) 445-7380

925 L STREET  
SUITE 750  
SACRAMENTO 95814  
(916) 445-0255

S. FLOYD MORI  
CHAIRMAN

October 17, 1980

999.19

The Honorable Speaker of the Assembly  
The Honorable President pro Tempore of the Senate  
The Honorable Members of the Senate and the  
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits the Auditor General's financial audit report of the California Public Broadcasting Commission, year ended June 30, 1979.

The auditors are Curt Davis, CPA; Romero Zamora; Gus Demas; Geraldine Parks; Teri Yee; Michael Tritz; and Charles Thrasher.

Respectfully submitted,

S. FLOYD MORI  
Chairman, Joint Legislative  
Audit Committee

Attachment

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
AUDITOR'S OPINION	3
BALANCE SHEET	4
STATEMENT OF FINANCING SOURCES, EXPENDITURES, AND CHANGES IN FUND BALANCE	5
NOTES TO THE FINANCIAL STATEMENTS	6
OTHER INFORMATION	8

## INTRODUCTION

In response to a resolution of the Joint Legislative Audit Committee and in compliance with federal Office of Revenue Sharing regulations, we have conducted a financial audit of the California Public Broadcasting Commission. This audit was conducted under the authority vested in the Auditor General by Section 10527 of the Government Code.

The California Public Broadcasting Commission was created under Section 8810 of the Government Code. The commission's purpose is to encourage growth and development of public radio and television services for people of California.

The commission's activities under Section 8820 et seq. of the Government Code include

- Awarding grants to public broadcasting stations for improvement of operations and facilities;
- Providing interconnection service for California public radio and television stations;
- Awarding grants for the development, production, and acquisition of public broadcast programming; and

- Conducting research and demonstration activities relating to public broadcasting.

The programs of the California Public Broadcasting Commission are supported by appropriations from the State's General Fund.

AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature:

We have examined the balance sheet of the California Public Broadcasting Commission as of June 30, 1979 and the related statement of financing sources, expenditures, and changes in fund balance for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the California Public Broadcasting Commission at June 30, 1979 and the results of operations and changes in fund balance for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

  
WESLEY E. VOSS  
Assistant Auditor General

Date: March 3, 1980

Staff: Curt Davis, CPA  
Romero Zamora  
Gus Demas  
Geraldine Parks  
Teri Yee  
Michael Tritz  
Charles Thrasher

CALIFORNIA PUBLIC BROADCASTING COMMISSION

BALANCE SHEET

JUNE 30, 1979

ASSETS

Cash	\$285,034
Prepayments to other funds	3,774
Expense advances to employees	1,311
Equipment	<u>8,975</u>
Total Assets	<u>\$299,094</u>

LIABILITIES, ENCUMBRANCES  
OUTSTANDING, AND FUND EQUITY

Liabilities:	
Accounts payable	<u>\$195,792</u>
Encumbrances Outstanding	<u>912</u>
Fund Equity:	
Investment in fixed assets (Note 2)	8,975
Fund balance	<u>93,415</u>
Total Fund Equity	<u>102,390</u>
Total Liabilities, Encumbrances Outstanding, and Fund Equity	<u>\$299,094</u>

The notes to the financial statements are an integral part of this statement.



CALIFORNIA PUBLIC BROADCASTING COMMISSION  
STATEMENT OF FINANCING SOURCES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDING JUNE 30, 1979

Financing Sources:	
Transfers from General Fund	\$682,533
Miscellaneous adjustments (Note 3)	<u>27,948</u>
Total Financing Sources	<u>710,481</u>
Expenditures:	
Personal services	101,829
Operating expenses and equipment	67,036
Grants to public broadcasting	<u>489,223</u>
Total Expenditures	<u>658,088</u>
Excess of Sources over (under) Expenditures	52,393
Fund Balance - July 1	<u>41,022</u>
Fund Balance - June 30	<u><u>\$ 93,415</u></u>

The notes to the financial statements are an integral part of this statement.

CALIFORNIA PUBLIC BROADCASTING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1979

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements reflect the financial position and results of operations of the California Public Broadcasting Commission. The statements have been prepared in conformity with generally accepted accounting principles applicable to state and local governments as prescribed by the American Institute of Certified Public Accountants and by the National Council on Governmental Accounting.

The accompanying financial statements are of the Fiduciary Fund Type.

FIDUCIARY FUND TYPES

Fiduciary Fund Types are used to account for assets held by a governmental unit as a trustee. The Fiduciary Fund Type for the California Public Broadcasting Commission is the California Public Broadcasting Fund. The commission maintains this fund to account for appropriations from the General Fund and federal, state, and other public or private grants that are earmarked for various programs.

The Fiduciary Fund Type is maintained on the modified accrual basis of accounting. These are some of its more significant elements:

Income

Throughout the fiscal year all income including revenues, transfers, and reimbursements is accounted for on a cash basis. At June 30, the accounts are adjusted to accrue all earned but uncollected income.

Expenditures

Expenditures are accounted for at the time claims for payment are filed with the State Controller. At June 30, all valid expenditure commitments are accrued as expenditures including encumbrances outstanding against the fund balance for which no goods or services have been received.

## Liabilities

Retirement Plan - Regular employees of the commission are members of the Public Employees' Retirement System (PERS) which is a defined benefit, contributory retirement plan. The amount the commission and employees contribute to PERS is actuarially determined under a program in which contributions plus retirement system earnings provide the necessary funds to pay retirement costs as accrued. Retirement contributions for the year totaled \$10,393.

Vacation and Sick Leave - Costs of vacation and sick leave are charged when these benefits are used rather than when they are earned.

### 2. EQUIPMENT

Equipment purchased is recorded as expenditures in the appropriate fund in the year of acquisition or encumbrance. Equipment increased by a net of \$4,944 during the fiscal year.

### 3. MISCELLANEOUS ADJUSTMENTS

This account shows the difference between the net amount of financing sources, expenditures, abatements, and reimbursements accrued as of the previous June 30 and the actual amount of revenues, expenditures, abatements, and reimbursements related to the prior year but obtained during the current fiscal year.

### OTHER INFORMATION

As an integral part of our examination, we reviewed the accounting procedures and related system of internal accounting control at the commission and at the Department of General Services (which maintains the commission's accounting records) to the extent we considered necessary to properly form an opinion concerning the fairness with which the commission's financial statements present its financial position and results of operations in accordance with generally accepted accounting principles consistently applied.

Our review enabled us to suggest improvements which would result in better operating procedures and controls. A management letter describing the suggested operating improvements was issued to the commission in conjunction with certain recommended adjusting entries necessary to achieve compliance with generally accepted accounting principles.

The commission generally concurs with the suggested operating improvements and adjusting entries.

cc: Members of the Legislature  
Office of the Governor  
Office of the Lieutenant Governor  
Secretary of State  
State Controller  
State Treasurer  
Legislative Analyst  
Director of Finance  
Assembly Office of Research  
Senate Office of Research  
Assembly Majority/Minority Consultants  
Senate Majority/Minority Consultants  
California State Department Heads  
Capitol Press Corps